

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY DOHA IMMEDIATE

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E.O. 11652: N/A

TAGS: PFOR, MPOL, ENRG, XF, US, QA

SUBJECT:SECRETARY'S BUSINESS WEEK INTERVIEW AND

JANUARY 3 REMARKS TO NEWSMEN

REF: DOHA 0018

1. RE PARAS 4 AND 5 REFTEL: TEXT OF SECRETARY'S AND
PRESIDENTIAL SPOKESMAN NESSEN'S JANUARY 3 REMARKS TO
NEWSMAN REGARDING SUBJECT INTERVIEW BEING SENT TO
FIELD IN SEPARATE CIRCULAR CABLE. DOHA IS ON DISTRI-
BUTION AND WILL BE INCLUDED IN DISTRIBUTION OF CABLES ON
SUBSEQUENT DEPARTMENT PRESS BRIEFINGS ON AREA SUBJECTS --
PARTICULARLY THOSE PERTAINING TO OIL PRODUCERS. FOLLOWING
PARAGRAPH IS TEXTUAL EXCERPT OF INTERVIEW ITSELF.

2. QUOTE: QUESTION: UNTIL RECENTLY IT WAS THE U.S. POSITION
THAT THE ENERGY CRISIS COULD BE SOLVED ONLY BY AN
IMMEDIATE AND SUBSTANTIAL REDUCTION IN THE PRICE OF
IMPORTED OIL. WHY HAS THAT POLICY CHANGED?

SECRETARY KISSINGER: I WOULD DISAGREE WITH THE WORD
IMMEDIATE. IT HAS BEEN THE U.S. POSITION THAT THE ENERGY
CRISIS CANNOT BE FUNDAMENTALLY CHANGED WITHOUT A SUB-
STANTIAL REDUCTION IN THE PRICE OF OIL. THIS REMAINS OUR
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VIEW. IT IS ALSO OUR VIEW THAT THE PROSPECTS FOR AN
IMMEDIATE REDUCTION IN OIL PRICES ARE POOR. I HAVE ALWAYS
HAD THE MOST SERIOUS DOUBTS THAT AN IMMEDIATE REDUCTION

IN OIL PRICES COULD BE ACHIEVED BECAUSE I DID NOT SEE THE INCENTIVES FOR THE OIL PRODUCERS TO DO THIS IN THE ABSENCE OF CONSUMER SOLIDARITY. A REDUCTION IN ENERGY PRICES IS IMPORTANT. IT MUST BE ACHIEVED AND WE MUST ORGANIZE OURSELVES TO BRING IT ABOUT AS RAPIDLY AS POSSIBLE.

QUESTION: WHY WAS IT IMPOSSIBLE TO REDUCE THE PRICE OF OIL IMMEDIATELY?

SECRETARY KISSINGER: BECAUSE IN THE ABSENCE OF CONSUMER SOLIDARITY, PRESSURES REQUIRED TO BRING OIL PRICES DOWN COULD CREATE A POLITICAL CRISIS OF THE FIRST MAGNITUDE. AND THIS WOULD TEMPT OTHER CONSUMING COUNTRIES SIMPLY STEPPING INTO THE VACUUM CREATED BY THE UNITED STATES, AND WOULD THEREFORE NOT BE EFFECTIVE.

QUESTION: CAN YOU DESCRIBE THE KIND OF POLITICAL PROBLEMS THAT WOULD DEVELOP WITHOUT CONSUMER SOLIDARITY?

SECRETARY KISSINGER: THE ONLY CHANCE TO BRING OIL PRICES DOWN IMMEDIATELY WOULD BE MASSIVE POLITICAL WARFARE AGAINST COUNTRIES LIKE SAUDI ARABIA AND IRAN TO MAKE THEM RISK THEIR POLITICAL STABILITY AND MAYBE THEIR SECURITY IF THEY DID NOT COOPERATE. THAT IS TOO HIGH A PRICE TO PAY EVEN FOR AN IMMEDIATE REDUCTION IN OIL PRICES.

IF YOU BRING ABOUT AN OVERTHROW OF THE EXISTING SYSTEM IN SAUDI ARABIA AND A KHADAFI TAKES OVER OR IF YOU BREAK IRAN'S IMAGE OF BEING CAPABLE OF RESISTING OUTSIDE PRESSURES, YOU'RE GOING TO OPEN UP POLITICAL TRENDS WHICH COULD DEFEAT YOUR ECONOMIC OBJECTIVES. ECONOMIC PRESSURES OR INCENTIVES, ON THE OTHER HAND, TAKE TIME TO ORGANIZE AND CANNOT BE EFFECTIVE WITHOUT CONSUMER SOLIDARITY. MOREOVER, IF WE HAD CREATED THE POLITICAL CRISIS THAT I DESCRIBED, WE WOULD ALMOST CERTAINLY HAVE HAD TO DO IT AGAINST THE OPPOSITION OF EUROPE, JAPAN AND UNCLASSIFIED
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THE SOVIET UNION.

QUESTION: IN YOUR UNIVERSITY OF CHICAGO SPEECH, YOU SAID, "THE PRICE OF OIL WILL COME DOWN ONLY WHERE OBJECTIVE CONDITIONS FOR A REDUCTION ARE CREATED AND NOT BEFORE." WHAT ARE THESE OBJECTIVE CONDITIONS AND WHEN DO YOU THINK THEY WILL BE ACHIEVED?

SECRETARY KISSINGER: THE OBJECTIVE CONDITIONS DEPEND UPON A NUMBER OF FACTORS: ONE, A DEGREE OF CONSUMER SOLIDARITY THAT MAKES THE CONSUMERS LESS VULNERABLE TO THE THREAT

OF EMBARGO AND TO THE DANGERS OF FINANCIAL COLLAPSE. SECONDLY, A SYSTEMATIC EFFORT AT ENERGY CONSERVATION OF SUFFICIENT MAGNITUDE TO IMPOSE DIFFICULT CHOICES ON THE PRODUCING COUNTRIES. THIRDLY, INSTITUTIONS OF FINANCIAL SOLIDARITY SO THAT INDIVIDUAL COUNTRIES ARE NOT SO OBSESSED BY THEIR SENSE OF IMPOTENCE THAT THEY ARE PREPARED TO NEGOTIATE ON THE PRODUCERS TERMS. FOURTH, AND MOST IMPORTANT, TO BRING IN ALTERNATIVE SOURCES OF ENERGY AS RAPIDLY AS POSSIBLE SO THAT THAT COMBINATION OF NEW DISCOVERIES OF OIL, NEW OIL PRODUCING COUNTRIES, AND NEW SOURCES OF ENERGY CREATES A SUPPLY SITUATION IN WHICH IT WILL BE INCREASINGLY DIFFICULT FOR THE CARTEL TO OPERATE. WE THINK THE BEGINNING OF THIS WILL OCCUR WITHIN TWO TO THREE YEARS.

QUESTION: OVER THE PAST YEAR THE OIL PRODUCERS HAVE BEEN ABLE TO CUT BACK PRODUCTION AS DEMAND HAS DECLINED. DOESN'T THAT INDICATE THAT CONSERVATION ALONE WILL NOT BREAK THE OIL CARTEL?

SECRETARY KISSINGER: YES, BUT THERE'S A LIMIT BEYOND WHICH THAT CANNOT GO. MANY PRODUCERS ARE DEPENDENT ON THEIR REVENUES FOR ECONOMIC DEVELOPMENT. COUNTRIES WHICH CAN CUT PRODUCTION MOST PAINLESSLY ARE THOSE THAT ARE SIMPLY PILING UP BALANCES. COUNTRIES THAT NEED OIL REVENUES FOR THEIR ECONOMIC DEVELOPMENT LIKE ALGERIA, IRAN AND VENEZUELA DO NOT HAVE AN UNLIMITED CAPACITY TO CUT THEIR PRODUCTION. IF THE PRODUCTION OF THESE COUNTRIES IS CUT BY ANY SIGNIFICANT PERCENTAGE, THAT
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THEIR WHOLE ECONOMIC DEVELOPMENT PLAN WILL BE IN SEVERE JEOPARDY. THEREFORE THE PROBLEM OF DISTRIBUTING THE CUTS IS GOING TO BECOME MORE AND MORE SEVERE. I UNDERSTAND THAT LIBYA HAS ALREADY HAD TO TAKE A DISPROPORTIONATE AMOUNT OF THE REDUCTIONS WHICH IT CAN DO BECAUSE IT HAS REALLY NO MEANS OF SPENDING ALL ITS INCOME. IN THE ABSENCE OF AN ARAB-ISRAELI EXPLOSION, SAUDI ARABIA'S INCENTIVE TO CUT PRODUCTION INDEFINITELY IS LIMITED FOR POLITICAL REASONS. OTHER COUNTRIES WILL HAVE LESS AND LESS OF AN ECONOMIC INCENTIVE TO CUT PRODUCTION. AS THE NUMBER OF OPEC COUNTRIES INCREASES AND AS ALTERNATIVE SOURCES COME IN, I THINK THESE CUTS WILL GROW INCREASINGLY DIFFICULT TO DISTRIBUTE.

QUESTION: ARE THE CONSERVATION GOALS TO CUT SOMETHING LIKE THREE MILLION BARRELS A DAY IN 1975 ENOUGH?

SECRETARY KISSINGER: I THINK THREE MILLION BARRELS A DAY WILL BE ENOUGH, PLUS ALTERNATIVE SOURCES, PLUS AN

INCREASE IN LATER YEARS. WE HAVE TO CONTINUE THIS

CONSERVATION OVER THE YEARS.

QUESTION: ARE THE EUROPEANS ACCEPTING YOUR PROPOSAL FOR A ONE MILLION BARREL A DAY CUT BY THE U.S. AND A TWO MILLION BARREL A DAY CUT BY THE OTHER CONSUMERS? OR ARE THEY PRESSING FOR A MORE EQUAL DISTRIBUTION?

SECRETARY KISSINGER: WE HAVE TO ANNOUNCE OUR CONSERVATION PLANS MORE CONCRETELY BEFORE WE WILL HAVE AN EFFECTIVE NEGOTIATING POSITION WITH THE EUROPEANS. I BELIEVE THAT THE MAJOR OBJECTIVE OF OUR STRATEGY CAN BE IMPLEMENTED, AND THE DESIRE OF SOME EUROPEAN COUNTRIES FOR A CONSUMER-PRODUCER CONFERENCE CAN BE USED TO ACCELERATE CONSUMER COOPERATION. WE WILL NOT GO TO A CONSUMER-PRODUCER CONFERENCE WITHOUT PRIOR AGREEMENT ON CONSUMER COOPERATION.

QUESTION: ARE THERE ANY POLITICAL PRESSURES THE U.S. CAN BRING TO BEAR ON THE OIL CARTEL?

SECRETARY KISSINGER: A COUNTRY OF THE MAGNITUDE OF THE
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UNITED STATES IS NEVER WITHOUT POLITICAL RECOURSE. CERTAINLY COUNTRIES WILL HAVE TO THINK TWICE ABOUT RAISING THEIR PRICES BECAUSE IT WOULD CERTAINLY INVOLVE SOME POLITICAL COST. BUT I DON'T WANT TO GO INTO THIS VERY DEEPLY.

QUESTION: BUSINESSMEN ASK WHY WE HAVEN'T BEEN ABLE TO EXPLOIT KING FAISAL'S FEAR OF COMMUNISM TO HELP LOWER PRICES?

SECRETARY KISSINGER: WE HAVE A DELICATE PROBLEM THERE. IT IS TO MAINTAIN THE RELATIONSHIP OF FRIENDSHIP THAT THEY HAVE FELT FOR US, YET MAKE CLEAR THE CONSEQUENCES OF THESE PRICES ON THE STRUCTURE OF THE WEST AND OF THE NON-COMMUNIST WORLD.

I THINK WE WILL FIND THAT SAUDI ARABIA WILL NOT BE THE LEADER IN THE REDUCTION OF PRICES BUT THAT IT WILL NOT BE AN IMPEDIMENT TO A REDUCTION IF ENOUGH MOMENTUM CAN BE CREATED IN THE ARAB WORLD -- INDEED IT WILL BE DISCREETLY ENCOURAGING.

THE SAUDI GOVERNMENT HAS DERSHIP-POSITION IN AN ACT OF SURVIVING IN A LEADERSHIP POSITION IN AN INCREASINGLY RADICAL ARAB WORLD. IT IS DOING THAT BY CAREFULLY BALANCING ITSELF AMONG THE VARIOUS FACTIONS AND ACTING AS A RESULTANT OF A RELATION OF FORCES AND

NEVER GETTING TOO FAR OUT AHEAD. THEREFORE I NEVER FOR A MOMENT BELIEVED, NOR DO I BELIEVE TODAY, THAT THE LEAD

IN CUTTING PRICES WILL BE TAKEN BY SAUDI ARABIA. ON THE OTHER HAND, THE SAUDIS WILL HAPPILY SUPPORT A CUT IN PRICES PROPOSED BY OTHERS. THE SAUDIS HAVE NO INTEREST IN KEEPING UP PRICES. THEY DON'T KNOW WHAT TO DO WITH THEIR INCOME TODAY.

QUESTION: BUT ALL ALONG IT HAS SEEMED THAT THE SAUDIS HAVE TAKEN THE LEAD IN SAYING THEY WANT TO GET THE PRICE OF OIL DOWN AND THAT HAS NEVER HAPPENED. IN FACT THE JOKE IS WE CAN'T TAKE ANOTHER CUT IN OIL PRICES FROM THE SAUDIS BECAUSE WE CAN'T AFFORD IT.

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SECRETARY KISSINGER: I THINK THAT'S TRUE. I HAVE ALWAYS ASSESSED THE SAUDI STATEMENTS IN THE CONTEXT OF THEIR POSITIONING THEMSELVES IN A GENERAL CONSTELLATION OF FORCES. IN MY OPINION THEY WILL NOT TAKE THE LEAD. BUT THEY WILL NOT OPPOSE IT.

QUESTION: WHO IS LIKELY TO TAKE THE LEAD OR WHAT PRODUCER NATIONS?

SECRETARY KISSINGER: IT IS MY OPINION THAT A REDUCTION IN PRICES CANNOT COME FROM IRAN ALONE THOUGH ITS VOICE IS IMPORTANT GIVEN THE POWERFUL PERSONALITY OF THE SHAH.

AMONG THE ARAB COUNTRIES ALGERIA IS IMPORTANT, KUWAIT COULD BE IMPORTANT; SYRIA, EVEN THOUGH IT'S NOT AN OPEC COUNTRY, HAS A MORAL INFLUENCE FOR POLITICAL REASONS. BUT IT WILL NOT COME, IN MY VIEW, FROM SAUDI ARABIA.

QUESTION: DO YOU THINK THERE IS SOMETHING THAT COULD HAPPEN IN THE ARAB-ISRAELI SITUATION THAT COULD RESULT IN A REDUCTION IN OIL PRICES?

SECRETARY KISSINGER: NOT REALLY. I THINK THAT IF THE SITUATION DETERIORATES THERE COULD BE A REDUCTION IN SUPPLY. I DON'T BELIEVE IT IS WISE FOR US TO TRY TO SELL THE ISRAELI CONCESSIONS FOR A REDUCTION IN OIL PRICES, BECAUSE THIS WOULD CREATE THE BASIS FOR PRESSURES IN THE OPPOSITE DIRECTION DURING A STALEMATE. EVERYTIME THE OPEC COUNTRIES WANT SOMETHING FROM US POLITICALLY, THEY COULD THREATEN TO RAISE THE PRICES AGAIN.

QUESTION: SO THERE'S NOTHING TIED TO THE JEUSALEM PROBLEM OR THE REFUGEE PROBLEM THAT WOULD HAVE ANYTHING TO DO WITH THE PRICE OF OIL?

SECRETARY KISSINGER: NO, IT HAS NEVER BEEN RAISED.

QUESTION: MANY BANKERS CLAIM THAT ALL THE SCHEMES FOR RECYCLING OIL MONEY -- INCLUDING THE ONE YOU SUGGESTED IN THE UNIVERSITY OF CHICAGO SPEECH -- ARE ONLY BAND-AIDS BECAUSE EACH SCHEME PILES BAD DEBT ON TOP OF GOOD.

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MOST OF THE COUNTRIES HAVE NO WAY TO EVER REPAY THE LOANS. DO YOU SEE HOW THE \$25-BILLION FUND YOU PROPOSED WOULD BE REPAYED?

SECRETARY KISSINGER: WE HAVE TWO PROBLEMS. WE HAVE AN ECONOMIC PROBLEM AND WE HAVE A POLITICAL PROBLEM. THE POLITICAL PROBLEM IS THAT THE WHOLE WESTERN WORLD, WITH THE EXCEPTION PERHAPS OF THE UNITED STATES, IS SUFFERING FROM POLITICAL MALAISE, FROM INNER UNCERTAINTY AND A LACK OF DIRECTION. THIS ALSO AFFECTS ECONOMIC CONDITIONS BECAUSE IT MEANS THAT YOU HAVE NO SETTLED EXPECTATIONS FOR THE FUTURE AND THEREFORE A LOWERED WILLINGNESS TO TAKE RISKS. ONE OF THE PRINCIPAL OBJECTIVES OF OUR ENERGY POLICY IS TO RESTORE AMONG THE INDUSTRIALIZED COUNTRIES SOME SENSE THAT THEY CAN MASTER THEIR OWN FATE. AND EVEN IF THIS WOULD INVOLVE SOME QUESTIONABLE DEBTS, THESE ARE DEBTS THAT HAVE TO BE MET SOMEHOW. IT WOULD BE ENORMOUSLY IMPORTANT FOR THE GENERAL COHESION OF THE INDUSTRIALIZED WORLD AND FOR ITS CAPACITY TO DEAL WITH THE FUTURE, THAT THEY ARE DEALT WITH SYSTEMATICALLY AND NOT AS THE OUTGROWTH OF SOME CRISIS. MOREOVER ONE WAY OF DISCIPLINING SOME OF THE INDUSTRIAL COUNTRIES IS BY THE CONDITIONS THAT ARE ATTACHED TO THE FUNDS THAT MIGHT BE AVAILABLE.

QUESTION: WHERE WOULD THIS \$25 BILLION COME FROM?

SECRETARY KISSINGER: THE UNITED STATES, THE FEDERAL REPUBLIC OF GERMANY, SMALL SUMS FROM OTHER COUNTRIES.

QUESTION: BUT THE U.S. AND WEST GERMANY WOULD BEAR THE BRUNT?

SECRETARY KISSINGER: THAT'S PROBABLY TRUE. BUT YOU HAVE TO LOOK AT IT AS A GUARANTEE RATHER THAN AS A DEBT.

QUESTION: WILL THIS REQUIRE CONGRESSIONAL APPROVAL?

SECRETARY KISSINGER: I'M TOLD THAT WE COULD ACTUALLY DO IT BY BORROWING AND NOT REQUIRE CONGRESSIONAL APPROVAL. HOWEVER, WE HAVE DECIDED THAT IN UNDERTAKING

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EVEN POTENTIAL OBLIGATIONS OF THIS MAGNITUDE WE'D
BETTER SEEK SOME CONGRESSIONAL CONCURRENCE.

QUESTION: HOW LONG WILL IT TAKE THIS PROGRAM TO REALLY
GET ROLLING?

SECRETARY KISSINGER: WE WILL NOT GO TO A PRODUCER-
CONSUMER CONFERENCE WITHOUT HAVING THIS PROGRAM WELL
ESTABLISHED. IF WE DON'T HAVE CONSUMER SOLIDARITY
WE'RE BETTER OFF CONDUCTING BILATERAL NEGOTIATIONS
WITH THE PRODUCERS. HOWEVER I THINK THAT WITHIN THE
NEXT THREE MONTHS -- BY THE END OF MARCH CERTAINLY --
THE MAJOR ELEMENTS OF OUR PROGRAM WILL BE IN PLACE.

QUESTION: HAVE YOU HAD ANY DISCUSSION WITH THE SOVIETS
ABOUT WHAT THEIR POSITION WOULD BE IF THERE WERE A
CONFRONTATION BETWEEN THE OIL CARTEL AND THE WESTERN
CONSUMER GOVERNMENTS?

SECRETARY KISSINGER: NO, AND I THINK IT WOULD BE A VERY
FOOLISH QUESTION TO ASK THEM.

QUESTION: DO YOU KNOW IF THE ARABS ARE USING THEIR
PETRODOLLARS TO FORCE A FAVORABLE RESOLUTION OF THE
ARAB-ISRAELI CONFLICT?

SECRETARY KISSINGER: I DON'T THINK THEY'VE DONE IT UP
TO NOW. IF WE DON'T HAVE CONSUMER SOLIDARITY THAT MAY
HAPPEN EVENTUALLY.

QUESTION: THERE WAS SOME CONCERN LAST MONTH ABOUT THE
BRITISH POUND.

SECRETARY KISSINGER: I'VE SEEN THESE REPORTS. THEY WERE
DENIED. IT IS CERTAINLY AN OPTION THEY HAVE. AND IS
ONE REASON WHY WE ARE SO DETERMINED TO CREATE INSTITU-
TIONS OF FINANCIAL SOLIDARITY, BECAUSE IF YOU HAVE THESE
INSTITUTIONS THEN THAT SORT OF PRESSURE WILL NOT BE
POSSIBLE. THE PRODUCERS COULD NOT TAKE ON ONE CURRENCY
THEN.

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QUESTION: IS IT POSSIBLE THAT WE MAY HAVE TO ENGAGE IN
AN EMERGENCY FINANCIAL BAIL OUT OF ITALY OR BRITAIN
BEFORE THE FINANCIAL FACILITY IS IN PLACE?

SECRETARY KISSINGER: RVERY PO SIUTIONALIZEHIWHSENSE, THE
PROPOSED FACILITY MERELY INSTITUTIONALIZES WHAT WILL

HAVE TO HAPPEN ANYWAY, BECAUSE IF PRESENT TRENDS CONTINUE THERE WILL HAVE TO BE A BAIL OUT SOONER OR LATER. BUT IT MAKES A LOT OF DIFFERENCE WHETHER YOU BAIL SOMEBODY OUT IN AN EMERGENCY AND THEREFORE ENHANCE THE SENSE OF

VULNERABILITY AND CREATE CONDITIONS FOR A NEW EMERGENCY. OR WHETHER HAVING PERCEIVED THE EMERGENCY, YOU CAN CONVEY TO THE PUBLIC THAT THERE IS A STRUCTURE THAT MAKES IT POSSIBLE TO MASTER YOUR FATE AND TO DEAL WITH DIFFICULTIES INSTITUTIONALLY.

QUESTION: HOW DO YOU RATE THE CHANCES FOR ANOTHER ARAB-ISRAELI WAR IN THE SPRING?

SECRETARY KISSINGER: IN THE ABSENCE OF A POLITICAL SETTLEMENT THERE IS ALWAYS THE DANGER OF ANOTHER ARAB-ISRAELI WAR. ON THE OTHER HAND, WAR IS TALKED ABOUT MUCH TOO LOSELY. BOTH SIDES LOST GRIEVOUSLY IN THE LAST WAR. NEITHER SIDE REALLY WON. I THINK THE READINESS OF EITHER SIDE TO GO TO WAR IS OFTEN EXAGGERATED. I ALSO BELIEVE THAT THERE IS SOME POSSIBILITY OF POLITICAL PROGRESS BEFORE THE SPRING.

QUESTION: THEN YOU DON'T ANTICIPATE THE POSSIBILITY OF ANOTHER OIL EMBARGO SOON?

SECRETARY KISSINGER: NO, UNLESS THERE IS A WAR.

QUESTION: WELL WHAT ABOUT AFTER THE SPRING?

SECRETARY KISSINGER: I DON'T ANTICIPATE AN OIL EMBARGO IN THE ABSENCE OF WAR. I AM NOT EVEN SURE OF AN OIL EMBARGO IN THE EVENT OF A WAR. IT WOULD NOW BE A MUCH MORE SERIOUS DECISION THAN IT WAS THE LAST TIME. WE'RE NOW ENGAGED IN RATHER DELICATE NEGOTIATIONS AND THESE
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STILL SHOW PROMISE SO WHY SPECULATE ABOUT THEIR FAILURE WHILE THEY'RE STILL IN TRAIN.

QUESTION: THE SHAH OF IRAN HAS INDICATED THAT IN THE NEXT WAR HE'D BE ON THE SIDE OF THE ARABS. DOES THIS REPRESENT TO YOU A SHIFTING OF FORCES OVER THERE?

SECRETARY KISSINGER: I WOULD HAVE TO ANALYZE EXACTLY WHAT HE SAID. IN THE PAST THE SHAH MAINTAINED A RATHER NEUTRAL POSITION. WHAT HE MEANS BY BEING ON THE SIDE OF THE ARABS I WOULD HAVE TO UNDERSTAND A LITTLE BETTER. BUT OBVIOUSLY THE TRENDS IN THE MOSLEM WORLD ARE IN THE DIRECTION OF GREATER SOLIDARITY.

QUESTION: HAVE THE ISRAELIS INDICATED TO YOU A WILLINGNESS TO GIVE BACK THE OIL LANDS IN THE SINAI THEY CAPTURED IN THE 1967 WAR?

SECRETARY KISSINGER: I DON'T WANT TO GO INTO THE DETAILS OF ANY SPECIFIC IDEAS THE ISRAELIS MAY HAVE SUGGESTED, BUT THE ISRAELIS HAVE INDICATED THEIR WILLINGNESS TO MAKE SOME FURTHER TERRITORIAL WITHDRAWALS.

QUESTION: ONE OF THE THINGS WE ALSO HEAR FROM BUSINESSMEN IS THAT IN THE LONG RUN THE ONLY ANSWER TO THE OIL CARTEL IS SOME SORT OF MILITARY ACTION. HAVE YOU CONSIDERED MILITARY ACTION ON OIL?

SECRETARY KISSINGER: MILITARY ACTION ON OIL PRICES?

QUESTION: YES.

SECRETARY KISSINGER: A VERY DANGEROUS COURSE. WE SHOULD HAVE LEARNED FROM VIETNAM THAT IT IS EASIER TO GET INTO A WAR THAN TO GET OUT OF IT. I AM NOT SAYING THAT THERE'S NO CIRCUMSTANCES WHERE WE WOULD NOT USE FORCE. BUT IT IS ONE THING TO USE IT IN THE CASE OF A DISPUTE OVER PRICE, IT'S ANOTHER WHERE THERE IS SOME ACTUAL STRANGULATION OF THE INDUSTRIALIZED WORLD.

QUESTION: DO YOU WORRY ABOUT WHAT THE SOVIETS WOULD DO
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IN THE MIDDLE EAST IF THERE WERE ANY MILITARY ACTION AGAINST THE CARTEL?

SECRETARY KISSINGER: I DON'T THINK THIS IS A GOOD THING TO SPECULATE ABOUT. ANY PRESIDENT WHO WOULD RESORT TO MILITARY ACTION IN THE MIDDLE EAST WITHOUT WORRYING WHAT THE SOVIETS WOULD DO WOULD HAVE TO BE RECKLESS. THE QUESTION IS TO WHAT EXTENT HE WOULD LET HIMSELF BE DETERRED BY IT. BUT YOU CANNOT SAY YOU WOULD NOT CONSIDER WHAT THE SOVIETS WOULD DO. I WANT TO MAKE CLEAR, HOWEVER, THAT THE USE OF FORCE WOULD BE CONSIDERED ONLY IN THE GRAVEST EMERGENCY.

QUESTION: WHAT DO YOU EXPECT IS GOING TO BE ACHIEVED IN THE FIRST MEETING BETWEEN THE CONSUMERS AND THE PRODUCERS?

SECRETARY KISSINGER: THE INDUSTRIALIZED NATIONS SUFFER IN GENERAL FROM THE ILLUSION THAT TALK IS A SUBSTITUTE FOR SUBSTANCE. AND WHAT MIGHT HAPPEN IS USED AS AN EXCUSE FOR NOT DOING WHAT CAN HAPPEN. WHAT CAN HAPPEN AT A CONSUMER-PRODUCER MEETING DEPENDS ENTIRELY UPON

WHETHER THE CONSUMERS MANAGE TO BRING ABOUT CONCRETE
COOPERATION AND WHETHER THEY CAN CONCERT COMMON

POSITIONS BEFORE THE CONFERENCE. IN THE ABSENCE OF
THESE TWO CONDITIONS THE CONSUMER-PRODUCER CONFERENCE
WILL NOT TAKE PLACE WITH OUR PARTICIPATION. IF IT
DID TAKE PLACE IT WOULD ONLY REPEAT IN A MULTILATERAL
FORUM THE BILATERAL DIALOGUES THAT ARE ALREADY GOING ON.

THERE IS TOO MUCH TALK TO THE EFFECT THAT THERE IS NO
CONSUMER-PRODUCER DIALOGUE NOW. THERE'S PLENTY OF
DIALOGUE. WE TALK TO ALL OF THE PRODUCERS. WE HAVE
EXCELLENT RELATIONS WITH IRAN AND SAUDI ARABIA. THE
EUROPEANS ARE TALKING TO THE PRODUCERS; THE JAPANESE
ARE TALKING TO THE PRODUCERS.

WE DO NOT SUFFER FROM THE ABSENCE OF DIALOGUE, BUT FROM
THE ABSENCE OF A SYSTEMATIC APPROACH, THE LACK OF A
CLEAR DIRECTION IN WHICH TO GO. IF YOU DON'T HAVE A
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SYSTEMATIC COORDINATED APPROACH, THEN A CONSUMER-
PRODUCER CONFERENCE CAN ONLY REPEAT IN A MULTILATERAL
FORUM UNDER WORSE CIRCUMSTANCES WHAT IS ALREADY GOING
ON BILATERALLY. SO YOU OUGHT TO ASK ME THE QUESTION
AGAIN IN ABOUT TWO MONTHS WHEN WE'RE FURTHER DOWN THE
ROAD.

BUT I WANT TO MAKE ABSOLUTELY CLEAR THAT THE UNITED
STATES IS WILLING TO HAVE THIS CONFERENCE. IT IS IN
FACT EAGER TO HAVE A CONSUMER-PRODUCER DIALOGUE. IN
OUR ORIGINAL PROPOSALS TO THE WASHINGTON ENERGY
CONFERENCE IN FEBRUARY, WE ARGUED THAT CONSUMER
COOPERATION MUST LEAD AS SOON AS POSSIBLE TO A CONSUMER-
PRODUCER DIALOGUE. AT THAT TIME WE ENVISAGED IT FOR
THE FALL OF 1974. BUT WE ALSO WANT THE DIALOGUE TO
BE SERIOUS AND CONCRETE.

IT MUST DEAL WITH THE PROBLEM OF RECYCLING. IT MUST
DEAL WITH THE PROBLEM OF THE LESS DEVELOPED COUNTRIES.
IT MUST DEAL WITH THE PROBLEM OF PRICE OVER A PERIOD
OF TIME. IN TERMS OF THE PRODUCERS WE CAN CONSIDER
SOME ASSURANCE OF LONG TERM DEVELOPMENTS FOR THEM.
BUT ALL THIS REQUIRED SOME VERY CAREFUL PREPARATION.
UNQUOTE. KISSINGER

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